

IN THE MATTERS OF TKR CABLE)	
COMPANY OF WILDWOOD, INC.)	CABLE TELEVISION
FILINGS OF FCC FORMS 393, 1200, 1210)	
AND 1240 AND THE GLOBAL)	STATE OF NEW JERSEY
SETTLEMENT OF SAID FILINGS, THE)	BOARD OF PUBLIC UTILITIES
APPROVAL OF THE RESTRUCTURING)	
OF THE CURRENT CHANNEL LINE-UP)	DOCKET NOS.
AND THE ESTABLISHMENT OF THE)	CR93090351 CR94060263
MAXIMUM PERMITTED RATES)	CR94070297 CR94100495
	CR95010035 CR96030179 (1240 ONLY)
	CR97030155 CR98030109
	CR99020083 CR99020084

STIPULATION OF SETTLEMENT

WHEREAS, the Cable Television Consumer Protection and Competition Act of 1992, Pub. L. No. 102-385, 106 Stat. 1460 (1992) codified at 47 U.S.C. § 543 et seq., (the “Federal Act”), classified the delivery of cable television services into two separate rate regulation categories: (i) “basic service” (consisting primarily of “off-the-air” channels and more commonly known as “limited basic service”) (hereinafter, the “limited basic tier of service”) and associated equipment and installation activity and (ii) cable programming services (“CPS”) (consisting of other television channels); and

WHEREAS, under the Federal Act, the limited basic tier of service is regulated by the “local franchise authority” (“LFA”), and until March 31, 1999, CPS was regulated by the Federal Communications Commission (“FCC”) upon the filing of a complaint from the LFA to the FCC with regard to a CPS tier rate; and

WHEREAS, under the provisions of the New Jersey Cable Television Act (“New Jersey Act”), N.J.S.A. 48:5A-1 et seq., the LFA is the Board of Public Utilities (“BPU” or “Board”); and

WHEREAS, the Federal Act required the FCC to issue regulations governing the standards to be used by the LFA in regulating rates charged for the limited basic tier of service; and

WHEREAS, under FCC rules, 47 C.F.R. § 76.900 et seq., a cable operator’s initial rates for regulated tiers of service are set in accordance with the requirements of FCC Form 393 and FCC Form 1200, which forms compute the maximum permitted rate (“MPR”) for regulated tiers of service, including the limited basic tier of service; and

WHEREAS, under FCC rules, 47 C.F.R. § 76.900 et seq., a cable operator may adjust the initial basic service tier rates set pursuant to FCC Forms 393 and 1200 on a quarterly basis for changes in inflation, programming additions/deletions and external costs pertaining to the limited basic tier of service by filing with the LFA Form 1210; and

WHEREAS, under FCC rules, 47 C.F.R. § 76.900 et seq., a cable operator may adjust its basic service tier rates under the annual rate adjustment option pursuant to regulations adopted on September 15, 1995 (47 C.F.R. § 76.922) by filing with the LFA, FCC Form 1240 which computes the MPR pertaining to the limited basic tier of service; and

WHEREAS, in 1996, the ownership of all outstanding shares of stock of TKR Cable Company of Wildwood, Inc., the corporate entity owning the Wildwood system, were transferred from TKR Cable Company (“TKR”) to TCI Atlantic, Inc., an indirectly wholly owned subsidiary of Tele-Communications, Inc. (“TCI”), all of the shares of stock which, in turn, were effectively acquired by AT&T Corp. (“AT&T”), in 1999; and

WHEREAS, since August, 1993, TKR, TCI and AT&T filed various rate justification filings set forth on FCC Forms 393, 1200, 1210 and 1240 serving Wildwood, Cape May, West Cape May, Cape May Point, Lower Township, Middle Township, West Wildwood, North Wildwood and Wildwood Crest; and

WHEREAS, the Board issued Orders on August 17, 1994, July 21, 1995, August 18, 1997, February 19, 1998, February 10, 1999 and February 28, 2000, concerning the above referenced docketed matters; and

WHEREAS, subsequent to the issuance of the aforesaid Board Orders, TKR, TCI, and AT&T, filed appeals of said Orders with the FCC, which appeals are pending; and

WHEREAS, subsequent thereto, the Board filed a Motion for Reconsideration with respect to decisions as have been rendered by the FCC’s Cable Services Bureau in such matters, which Motion is presently pending before the FCC; and

WHEREAS Comcast Corporation and AT&T entered into an agreement and on November 22, 2000, petitioned the Board to transfer, among other things, control of the Wildwood cable television system to Comcast Cable Communications, Inc. (“Comcast Cable”).

WHEREAS, all disputed issues concerning the limited basic tier of service overcharges raised by Board Staff (“Staff”) and the Ratepayer Advocate (“Ratepayer”) give rise to the refund liability set forth below; and

WHEREAS, it is the desire of both AT&T and Comcast Cable to resolve all outstanding disputed issues concerning the above referenced docketed matters in advance of the proposed transfer of ownership; and

WHEREAS, AT&T, Comcast Cable, the Staff and the Ratepayer (collectively “the Parties”) have concluded that the terms of the instant stipulation set forth below, including the refunds incorporated herein compensate subscribers of the Wildwood system for past overcharges; and

WHEREAS, the Parties seek to effectuate a final resolution of all outstanding basic service tier rate filings, appeals and Requests for Reconsideration or other matters pending before the FCC involving the Wildwood system; and

NOW, THEREFORE, the Parties hereby STIPULATE and agree to the following for consideration by the Board:

1. AT&T agrees to pay a refund in the amount of \$3 million (which includes interest through the actual date of distribution) to all Wildwood system limited basic tier of service subscribers. In the event that the Board issues a Final Decision and Order accepting this Stipulation of Settlement, AT&T will, within sixty (60) days of issuance of that Order, cause separately itemized bill credits to be applied to each limited basic tier of service subscriber, such refund to be applied equally over a period of twelve (12) months (except for the last month, which shall be adjusted as necessary). Said bill credits shall total, in the aggregate, \$3 million. Said refund shall be identified on subscriber bills as "BPU Refund".
2.
 - (a) AT&T shall restructure its existing basic service tier Maximum Permitted Rate ("MPR") of \$26.07 into two (2) separate tiers consisting of a "limited basic service tier" and a "cable programming service tier" (hereafter, the "expanded basic service tier") (the "Restructuring"). The "limited basic service tier," or "B1" tier, shall initially be comprised of twenty (20) channels, with a monthly MPR of \$10.00. The "expanded basic service tier," or "B2" tier, shall initially be comprised of twenty-eight channels, with a monthly rate of \$16.07. The channels initially to be included in the B1 and B2 tiers shall be as set forth on the Exhibit 1 annexed hereto.
 - (b) AT&T shall implement the aforesaid Restructuring on or about March 5, 2001, but in any event no earlier than thirty (30) days after subscriber notices pertaining to the Restructuring have been mailed and AT&T's revised tariff pertaining thereto has been filed with the Board. The monthly rates pertaining to the Restructuring shall be effective as of the first service period following implementation of the Restructuring.
 - (c) Subscriber notification of the Restructuring shall be accomplished through a direct mailing as soon as reasonably possible and will provide subscribers thirty (30) days advance notice.
3. Within five (5) business days of approval by the Board of this Stipulation of Settlement, AT&T, the Board and the Ratepayer Advocate shall jointly withdraw with prejudice all regulatory matters now pending before the FCC, including all appeals, motions for reconsideration, etc., pertaining to the Wildwood system.

4. Comcast Cable shall adjust its future Form 1240 and 1205 filing dates for the Wildwood system so as to coincide with a February 1 implementation date for rate adjustments under said Form 1240 and 1205 filings.
5. AT&T and Comcast Cable have agreed to forego the equipment and installation increases approved by the Board in Docket Number CR00030145 on August 17, 2000. The rates currently being charged will remain in effect through January 31, 2002.
6. Ninety days prior to the February 1, 2002 implementation date, Comcast Cable shall file FCC Forms 1240 and 1205 for the limited basic tier of service for the Wildwood system. Comcast Cable shall not calculate or recover a true-up adjustment in said Form 1240 filing. The MPR on Line A1 will be \$10.00 for the limited basic tier of service. No adjustments will be made to Modules D, F or H of that Form.
7. Comcast Cable shall abide by all commitments made by and shall be entitled to such rights as are afforded to AT&T herein.
8. Comcast Cable shall reserve its rights to adjust its programming and rates as permitted under the law.
9. Upon its acquisition of the Wildwood system, Comcast Cable shall be entitled to market and provide to subscribers in the Wildwood system that service commonly known as "Cableguard Service", at a monthly rate presently no greater than \$.30 per subscriber, provided, however, that the monthly rate for Cableguard Service shall be subject to prospective adjustments beginning February 1, 2002. Written notice of any increase in the rate for Cableguard Service shall be provided to the OCTV at least thirty (30) days in advance.
10. This Stipulation of Settlement resolves any and all issues raised or which could have been raised by any party, whether known or not, relating or pertaining in any way to or in connection with the rate filings which are the subject of the within matters and any other rate filings submitted to the Board prior hereto and which pertain to the Wildwood system.
11. The signatories agree that, except as expressly provided herein, this Stipulation of Settlement has been made exclusively for the purpose of these proceedings and that the provisions contained herein, in total or by specific items, shall not be used against any of the parties in any other proceedings before the Board or in other forums or jurisdictions, nor shall the contents of this Stipulation of Settlement, in total or by specific items, by inference, inclusion, or deletion, in any way be considered or used by any other party as any indication of the position of any party hereto on any issue litigated or to be litigated in other proceedings. All signatories

acknowledge that the terms of this Stipulation of Settlement shall not be effective until approved by the Board.

12. This Stipulation of Settlement contains terms, each of which is interdependent with the others and essential in its own right to the signing of this Stipulation of Settlement. Each term is vital to the agreement as a whole, since the parties expressly and jointly state that they would not have signed the agreement had any term been modified in any way. Each party is entitled to certain procedures in the event that any modification is made to the terms of this Stipulation of Settlement, pursuant to which each of the signatory parties hereto must be given the right to be placed in the position it was in before this Stipulation of Settlement was entered. Therefore, if any modification is made to the terms of this Stipulation of Settlement, it is essential that each party be given the option, before the implementation of any new rate or change resulting from said action, either to modify its own position, to accept the proposed changes, or to resume the proceedings as if no agreement had been reached.
13. The parties believe these provisions are fair to all concerned and therefore they are made an integral and essential element of this Stipulation of Settlement. This being the case, all parties expressly agree to support the right of any other party to this Stipulation of Settlement to enforce all terms and procedures detailed herein.

JOHN J. FARMER, JR.
ATTORNEY GENERAL OF
NEW JERSEY
Attorney for the Staff of the
Board of Public Utilities

Dated: January ___, 2001

By: _____
Caroline Vachier
Deputy Attorney General

BLOSSOM A. PERETZ
DIRECTOR, DIVISION OF THE
RATEPAYER ADVOCATE

Dated: January ___, 2001

By: _____
Elana Shapochnikov
Assistant Deputy Ratepayer Advocate

TKR CABLE COMPANY OF
WILDWOOD, INC. PROVIDING
SERVICES AS AT&T BROADBAND

Dated: January ___, 2001

By: _____
Francis R. Perkins
MEYNER AND LANDIS

COMCAST CABLE
COMMUNICATIONS, INC.

Dated: January ___, 2001

By: _____
Dennis C. Linken
STRYKER, TAMS & DILL LLP

EXHIBIT 1

Wildwood Retiering

Proposed Restructured Channel Line Up

KYW-3

WMGM-40

WTFX-29

WPVI-6

WTBS

**CN8 Comcast Network*

PEG

WCAU-10

WPIX-11

QVC

Local

WNJS-23

WHYY-12

WHSP-Home Shopping

WPHL-17

WPPX

WPSG-57

** Market Connect*

Access TV

CSPAN

*** WWAC*

Fox News

Headline News

History Channel

Weather Channel

CNN

TNN

Nickelodeon

Comedy Central

B1 Limited Service

B2 Expanded Service

Lifetime

Fox Family

TLC

A&E

FX

Travel Channel

ESPN 2

ESPN

E! Entertainment

Food Network

CNBC

USA

Telemundo

Oxygen Network

Court TV

BET

EWTN

MTV

VH1

TV Guide

* Proposed to be added by April 2001

** Proposed to be added by February 23, 2001